

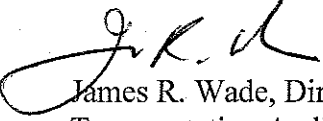


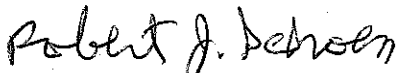
WEST VIRGINIA
DEPARTMENT OF TRANSPORTATION
1900 Kanawha Boulevard East • Building Five • Room 109
Charleston, West Virginia 25305-0440 • 304/558-0444

Joe Manchin III
Governor

December 2, 2008

TO: James Roten
District Engineer-Manager
District Three
Division of Highways

FROM:  James R. Wade, Director
Transportation Auditing


Robert J. Schoen, C.P.A.
Audit Manager
Transportation Auditing

SUBJECT: Final Review of Costs Incurred on Specific Rate of Pay Contract
with E. L. Robinson Engineering Company
Federal Project No. APD-0282(124)C
State Project No. X354-D-7.00 07
Project Name: Corridor D Construction Inspection
Review Report No. 05-1208-106

I. Purpose of Review

- A. A final desk review was completed on this project during the week of December 1, 2008.
- B. The contract provided for the Consultant to provide all labor, materials, equipment, and subprofessional and professional services necessary to perform construction project inspection services and related work as directed by the Department for various projects for the construction of approximately three (3) miles of fully controlled four lane expressway, US 50 – Juliana Street to I-77/US 50 Interchange in Wood County. This is one of six projects included with the original agreement. The supplemental No. 1 agreement added three other projects to the agreement, and added time and reduced funds for this project. Three other supplemental agreements adjusted the rates and added time and funds for the various projects.

II. Scope of Review

- A. In order to ascertain the validity and reasonableness of the Consultant's submission, we examined the cost records maintained.
- B. The examination was performed in accordance with generally accepted Government Auditing Standards and the cost principles as set forth in the Federal Acquisition Regulations. Accordingly, our review included such tests of the accounting records and such other auditing procedures as were considered necessary under the circumstances.

III. Opinion

- A. Based upon our review and the audit tests made, it is our opinion that the consultant has complied with the cost criteria as set forth in the contract. The Consultant's job numbering system is considered reliable.
- B. The amount of \$1,448,946.95 is considered eligible for reimbursement.

IV. Summary of Results of Review

The results of this final desk review, as detailed in Exhibit A, are summarized below:

		<u>Notes</u>
Contract Amount	<u>\$1,545,004.00</u>	(1)
Per Consultant's Claim	<u>\$1,446,245.51</u>	
Per Review	<u>\$1,448,946.95</u>	
Costs Unclaimed	<u>\$ 2,701.44</u>	(2)(3)

Notes

- (1) The contract amount is based on the following agreements:

	<u>Date</u>	<u>Total</u>
Original Agreement	5/4/01	\$1,544,564.00
Supplemental No. 1	7/3/03	\$ 440.00
Supplemental No. 2	3/26/04	\$ 0.00
Supplemental No. 3	11/18/04	\$ 0.00
Supplemental No. 4	6/9/05	\$ 0.00
Total		<u>\$1,545,004.00</u>
Amount Reviewed		<u>\$1,448,946.95</u>

- (2) The unclaimed costs are the result of the unbilled direct labor, the questioned profit on non-salary direct costs, and the underpayment resulting from rounding. Also, retainage was overpaid back to the consultant by \$14.27. See Parts B, C, D, and E under Other Comments for further details.
- (3) If the DOH District Three elects to pay the additional costs not claimed, a supplemental final invoice for \$2,687.17 will be required. The current final invoice for \$28,910.94 has not been paid and can be paid on an interim basis.

V. Other Comments

- A. The final invoice for \$28,910.94 has not been paid.
- B. The consultant did not invoice for twenty hours of work for the three-man survey crew for the week ending November 2, 2001, resulting in \$2,844.00 in unclaimed costs.
- C. Profit was not applied to the hotel awards reduction included with Invoice No. 24. This resulted in questioned costs of \$142.57.
- D. Rounding from Invoice No. 16 resulted in the consultant being underpaid by \$0.01.
- E. Retainage was overpaid back to the consultant by \$14.27. \$28.24 of the overpayment resulted from Invoice No. 21 being paid without the \$28.24 retainage being reduced from the payment. It could not be determined where the underpayment of the other \$13.97 came from.
- F. Pre-Award Review Report No. 02-0401-181, dated April 19, 2001, reviewed the original agreement and contained no unsupported costs. This is one of six projects included in this agreement.
- G. Pre-Award Review Report No. 05-0503-282, dated June 5, 2003, reviewed the Supplemental No. 1 Agreement and contained no unsupported costs. There were three additional projects added to the agreement, making a total of nine projects included with this agreement. The maximum amount payable was reduced for several projects, including this one.
- H. Pre-Award Review Report No. 01-0204-144, dated March 1, 2004, reviewed the Supplemental No. 2 Agreement and contained no unsupported costs. There was one project included in this agreement, but this project was not it.
- I. Pre-Award Review Report No. 04-1004-605, dated October 29, 2004, reviewed the Supplemental No. 3 Agreement and contained no unsupported costs. Rates were added to the agreement and the maximum amount payable was increased for one project, but not this project.

- J. Pre-Award Review Report No. 01-0605-299, dated June 3, 2005, reviewed the Supplemental No. 4 Agreement and contained no unsupported costs. Rates were added to the agreement but the maximum amount payable was not increased for any project.

VI. Concluding Remarks

- A. The results of this audit were not discussed with the Consultant.
- B. The contents of this report are intended solely for use in this procurement.
- C. The contents of this report are considered confidential. Distribution within your organization, or outside of your organization, is at your discretion. We have no objection to the release of this report to the Consultant or to FHWA officials, if deemed appropriate.
- D. This office will be pleased to provide accounting counsel or any additional audit services, which your office may require.

JRW:RJS:cc

cc: D-3 (Kimes), D-5 (Shinsky), DC (Colby), BFFA (Campbell)

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E. L. Robinson Engineering Company
 APD-0282(124)C/X354-D-7.00 07
Results of Final Cost Review

	Per Consultant's <u>Claim</u>	Per <u>Review</u>	(Additional Costs Not Claimed) Costs <u>Questioned</u>	<u>Notes</u>
Direct Labor	\$1,118,174.27	\$1,121,018.27	(\$2,844.00)	(1)
Overtime	\$ 157,299.48	\$ 157,299.48	\$ 0.00	
Direct Costs	\$ 155,117.45	\$ 155,117.45	\$ 0.00	
Profit on Direct Costs	\$ 15,654.32	\$ 15,511.75	\$ 142.57	(2)
Rounding	(\$ 0.01)	\$ 0.0	(\$ 0.01)	(3)
TOTAL	<u>\$1,446,245.51</u>	<u>\$1,448,946.95</u>	<u>(\$2,701.44)</u>	(4)

Notes

- (1) Twenty hours worked for the three-man survey crew for the week ending November 2, 2001 was not invoiced.
- (2) Profit was not applied to the direct cost reduction for hotel rewards.
- (3) Invoice No. 16 was underpaid by \$0.01 due to rounding.
- (4) Also, retainage was overpaid back to the consultant by \$14.27.